

DALLAS CENTER-GRIMES COMMUNITY SCHOOL DISTRICT

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

June 30, 2016

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Dallas Center-Grimes Community School District
Officials
Year Ended June 30, 2016

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-----------------------------------------|------------------------------------------------------|---------------------|
| Board of Education | | |
| (Before September 2015 Election) | | |
| Douglas Rothfus | President | 2015 |
| David Eilers | Vice President | 2017 |
| Angela Glasgow | Board Member | 2015 |
| Kathie Hicok | Board Member | 2015 |
| Ronnie Wiedman | Board Member | 2015 |
| Scott Brown | Board Member | 2017 |
| Doug Rants | Board Member | 2017 |
| (After September 2015 Election) | | |
| Douglas Rothfus | President | 2019 |
| David Eilers | Vice President | 2017 |
| Scott Brown | Board Member | 2017 |
| Doug Rants | Board Member | 2017 |
| Marco Bejarno | Board Member | 2019 |
| Kathie Hicok | Board Member | 2019 |
| Ronnie Wiedman | Board Member | 2019 |
| School District Officials | | |
| Scott Grimes | Superintendent | 2016 |
| Michelle Wearmouth | District Secretary/Treasurer and Business Manager | 2016 |
| Ralph Brown | Attorney | Indefinite |
| Ahler's Law Firm | Attorney | Indefinite |



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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education
Dallas Center-Grimes Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Dallas Center-Grimes Community School District, cities of Dallas Center and Grimes, Iowa, as of and for the year ended June 30, 2016, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Dallas Center-Grimes Community School District at June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 16 and 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dallas Center-Grimes Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015, (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 10, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 1, 2016, on our consideration of the Dallas Center-Grimes Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dallas Center-Grimes Community School District's internal control over financial reporting and compliance.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

December 1, 2016

The Dallas Center - Grimes Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2016 FINANCIAL HIGHLIGHTS

- ◆ General Fund revenues increased from \$23,416,307 in FY15 to \$25,862,424 in FY16 while General Fund expenditures increased from \$24,370,331 in FY2015 to \$26,270,714 in FY2016. A portion of the increased expenditures are attributed to the increased costs associated with serving 131 new students.
- ◆ This resulted in an expected decrease of \$408,290 in the District's General Fund balances, including restricted, committed and unassigned fund balances, from \$4,009,988 in fiscal 2015 to \$3,601,698 in fiscal 2016.
- ◆ The increase in General Fund revenues was primarily attributable to an increase in receipts of state funds and property tax collections due to 1.25% allowable growth and a significant increase in student enrollment of 131 students.
- ◆ The increase in General Fund expenditures was primarily attributable to an increase in the negotiated salary and benefits, and the and increased staffing associated with student growth. As student numbers increase, instructional supply expenditures increased as well. As the number of facilities increase, utility, repair, and staffing will also increase as well.

USING THIS ANNUAL REPORT

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- ◆ The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- ◆ The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- ◆ The statements for *governmental funds* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.
- ◆ The statements for *proprietary funds* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.
- ◆ The statements for *fiduciary funds* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this report are arranged and relate to one another.

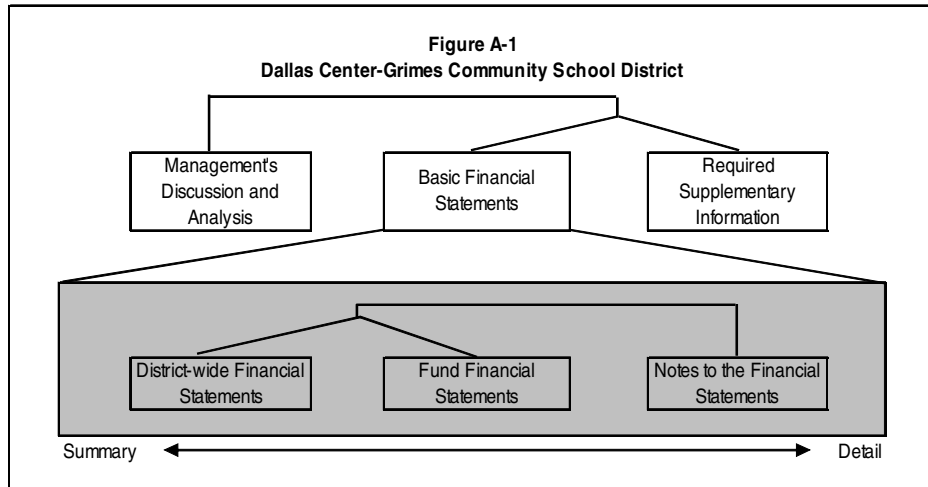


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

| Figure A-2 Major Features of the District-wide and Fund Financial Statements | | | | |
|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| | District-wide Statements | Fund Statements | | |
| | | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire district (except fiduciary funds) | The activities of the district that are not proprietary or fiduciary, such as the special education and building maintenance | Activities the district operates similar to private businesses: food services, farm account, and student construction | Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies |
| Required financial statements | * Statement of net position * Statement of activities | * Balance sheet * Statement of revenues, expenditures, and changes in fund balances | * Statement of net position * Statement of revenues, expenses and changes in net position * Statement of cash flows | * Statement of fiduciary net position * Statement of changes in fiduciary net position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, short-term and long-term | Generally assets expected to be used up and liabilities that come due during the year; or soon thereafter; no capital assets or long-term liabilities included | All assets and liabilities, both financial and capital, and short-term and long-term | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid | All additions and deductions during the year, regardless of when cash is received or paid |
| Type of deferred outflow / inflow information | Consumption / acquisition of net position that is applicable to a future reporting period | Consumption / acquisition of fund balance that is applicable to a future reporting period | Consumption / acquisition of net position that is applicable to a future reporting period | Consumption / acquisition of net position that is applicable to a future reporting period |
| Common names of district funds included | All funds with the exception of scholarship funds | General, Debt Service, Capital Projects, Management, Student Activity | Nutrition Fund, Farm Enterprise Account, Student Construction Fund | Burnett Scholarship, Brewer Scholarship, Anderson Scholarship, Schnell Scholarship, Bowersox Scholarship |

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or position.

To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities. The valuation of the district increased 3.73%.

| Year | Taxable Valuation without TIF | Increase over previous year | Percent increase |
|---------|----------------------------------|--------------------------------|------------------|
| FY2001 | \$ 270,537,874 | 34,145,130 | 12.62% |
| FY2002 | 337,471,923 | 66,934,049 | 24.74% |
| FY2003 | 354,464,375 | 16,992,452 | 5.04% |
| FY2004 | 361,420,196 | 6,955,821 | 1.96% |
| FY2005 | 383,341,568 | 21,921,372 | 6.07% |
| FY2006 | 418,254,246 | 34,912,678 | 9.11% |
| FY2007 | 453,208,099 | 34,953,853 | 8.36% |
| FY2008 | 495,093,032 | 41,884,933 | 9.24% |
| FY2009 | 550,887,628 | 55,794,596 | 11.27% |
| FY2010 | 611,963,877 | 61,076,249 | 11.09% |
| FY2011 | 626,485,604 | 14,521,727 | 2.37% |
| FY2012 | 589,205,292 | (37,280,312) | -5.95% |
| FY 2013 | 623,265,810 | 34,060,518 | 5.78% |
| FY 2014 | 641,969,948 | 18,704,138 | 3.00% |
| FY 2015 | 665,894,262 | 23,924,314 | 3.73% |

Dallas Center - Grimes Facilities by Age

| | |
|----------------------------------------------------------|----------------------|
| Dallas Center – Grimes Elementary, Grimes | Opened 8-1-1988 |
| Dallas Center – Grimes Elementary, Dallas Center | Opened 1-1-2002 |
| Dallas Center – Grimes Middle School, Dallas Center | Opened 8-1-2004 |
| Dallas Center – Grimes High School, Grimes | Opened 8-1-2002 |
| Dallas Center – Grimes Auditorium addition, Grimes | Opened 9-1-2005 |
| Dallas Center – Grimes Sports Complex, Grimes | Final phase 9-1-2006 |
| Dallas Center - Grimes North Ridge Elementary, Grimes | Opened 8-1-2008 |
| Dallas Center - Grimes Meadows 8-9, Grimes | Opened 8-1-2012 |
| Dallas Center - Grimes North Ridge 8 Room Addition | Opened 8-1-2014 |
| Dallas Center - Grimes Transportation-Operation Facility | Opened 8-1-2015 |

In the District-wide financial statements, the District's activities are divided into two categories:

- ◆ *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- ◆ *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- ◆ Some funds are required by state law and by bond covenants.
- ◆ The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- ◆ Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.
 - The District's governmental funds include the General Fund, Debt Service Fund, Capital Projects Funds, and Special Revenue funds such as the Student Activity fund, Management fund, and PPEL fund.
- ◆ Proprietary Funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements.
 - The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District's enterprise funds include the School Nutrition Fund, Student Construction Fund, and the Farm Enterprise Fund.
- ◆ Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-purpose Trust and Agency funds.
 - Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund. There are currently five scholarship trust funds: Burnett Scholarship, Brewer Scholarship, Anderson Scholarship, Schnell Scholarship, and Bowersox Scholarship funds.
 - Agency Fund- These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases. The District has only one Agency fund which holds employee funds contributed by employees through payroll for use in the Medical and Dependent Care Flexible Spending Program.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position – Figure A-3 below provides a summary of the District's net position at June 30, 2016 compared to 2015.

| Figure A-3 Condensed Statement of Net Position (Expressed in Thousands) | | | | | | | |
|----------------------------------------------------------------------------------------------------|----------------------------|---------|-----------------------------|------|-------------------|---------|-----------------|
| | Governmental Activities | | Business Type Activities | | Total District | | Total Change |
| | June 30, | | June 30, | | June 30, | | June 30, |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2015-2016 |
| Current and other assets | \$ 44,638 | 27,996 | 399 | 523 | 45,037 | 28,519 | 57.9% |
| Capital assets | 52,460 | 53,415 | 215 | 252 | 52,675 | 53,667 | -1.8% |
| Total assets | 97,098 | 81,411 | 614 | 775 | 97,712 | 82,186 | 18.9% |
| Deferred outflows of resources | 4,943 | 2,680 | - | - | 4,943 | 2,680 | 84.4% |
| Long-term liabilities | 55,557 | 40,161 | - | - | 55,557 | 40,161 | 38.3% |
| Other liabilities | 1,223 | 1,229 | 47 | 192 | 1,270 | 1,421 | -10.6% |
| Total liabilities | 56,780 | 41,390 | 47 | 192 | 56,827 | 41,582 | 36.7% |
| Deferred inflows of resources | 17,426 | 15,966 | - | - | 17,426 | 15,966 | 9.1% |
| Net position: | | | | | | | |
| Invested in capital assets, net of related debt | 22,898 | 23,379 | 215 | 252 | 23,113 | 23,631 | -2.2% |
| Restricted | 10,903 | 8,935 | - | - | 10,903 | 8,935 | 22.0% |
| Unrestricted | (5,966) | (5,579) | 352 | 331 | (5,614) | (5,248) | 7.0% |
| Total net position | \$ 27,835 | 26,735 | 567 | 583 | 28,402 | 27,318 | 4.0% |

Dallas Center-Grimes Community School District
Management's Discussion and Analysis
June 30, 2016

Figure A-4 shows the change in net position for the year ended June 30, 2016, compared to the year ended June 30, 2015.

| Figure A-4 Changes in Net Position (Expressed in Thousands) | | | | | | | |
|----------------------------------------------------------------------------------------|-------------------------|--------|--------------------------|-------|---------------------|--------|--------------|
| | Governmental Activities | | Business Type Activities | | Total District | | Total Change |
| | Year ended June 30, | | Year ended June 30, | | Year ended June 30, | | June 30, |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2015-2016 |
| Revenues: | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for service | \$ 3,402 | 3,111 | 1,292 | 1,218 | 4,694 | 4,329 | 8.4% |
| Operating grants, contributions and restricted interest | 4,462 | 3,395 | 424 | 402 | 4,886 | 3,797 | 28.7% |
| General revenues: | | | | | | | |
| Property tax | 13,076 | 12,587 | - | - | 13,076 | 12,587 | 3.9% |
| Statewide sales, services and use tax | 2,221 | 2,118 | - | - | 2,221 | 2,118 | 4.9% |
| Unrestricted state grants | 10,293 | 9,760 | - | - | 10,293 | 9,760 | 5.5% |
| Unrestricted investment earnings | 178 | 104 | - | - | 178 | 104 | 71.2% |
| Other | 1,308 | 920 | 5 | 12 | 1,313 | 932 | 40.9% |
| Total revenues | 34,940 | 31,995 | 1,721 | 1,632 | 36,661 | 33,627 | 9.0% |
| Program expenses: | | | | | | | |
| Governmental activities: | | | | | | | |
| Instruction | 18,808 | 16,360 | - | - | 18,808 | 16,360 | 15.0% |
| Support services | 9,347 | 9,094 | 246 | 43 | 9,593 | 9,137 | 5.0% |
| Non-instructional programs | - | - | 1,491 | 1,337 | 1,491 | 1,337 | 11.5% |
| Other expenses | 5,685 | 2,321 | - | - | 5,685 | 2,321 | 144.9% |
| Total expenses | 33,840 | 27,775 | 1,737 | 1,380 | 35,577 | 29,155 | 22.0% |
| Change in net position | 1,100 | 4,220 | (16) | 252 | 1,084 | 4,472 | -75.8% |
| Net position beginning of year, as restated | 26,735 | 22,515 | 583 | 331 | 27,318 | 22,846 | 19.6% |
| Net position end of year | \$ 27,835 | 26,735 | 567 | 583 | 28,402 | 27,318 | 4.0% |

Property tax, sales and service tax, and unrestricted state grants account for 70% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 80% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$34,938,927 and expenses were \$33,839,524.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2016 compared to those expenses for the year ended June 30, 2015.

| Figure A-5 Total and Net Cost of Governmental Activities (Expressed in Thousands) | | | | | | |
|--------------------------------------------------------------------------------------------------------------|------------------------|--------|-----------|----------------------|--------|-----------|
| | Total Cost of Services | | Change | Net Cost of Services | | Change |
| | 2016 | 2015 | 2015-2016 | 2016 | 2015 | 2015-2016 |
| Instruction | \$ 18,808 | 16,360 | 15.0% | 12,025 | 10,824 | 11.1% |
| Support services | 9,347 | 9,094 | 2.8% | 9,226 | 9,028 | 2.2% |
| Other expenses | 5,685 | 2,321 | 144.9% | 4,724 | 1,416 | 233.6% |
| Totals | \$ 33,840 | 27,775 | 21.8% | 25,975 | 21,268 | 22.1% |

- The cost financed by users of the District's programs was \$3,402,102.
- Federal and state government subsidized certain programs with grants and contributions totaling \$ 4,461,951. The net cost of governmental activities was financed with \$15,296,185 in property and other taxes and \$10,292,563 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$1,721,667 and expenses were \$1,737,333. The District's business type activities include the School Nutrition Fund, Student Construction, and Farm Enterprise Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2016, the District increased meal prices by .10 cents. The District continues to contract food services with Taher, Incorporated of Minnesota.

INDIVIDUAL FUND ANALYSIS

As previously noted, Dallas Center-Grimes Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its government funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$28,833,629 which includes funds for the construction of the Heritage elementary building. The previous year, governmental funds reported a combined fund balance of \$14,213,825.

Governmental Fund Highlights

- The District's unassigned/unrestricted general fund balance decreased in FY16. The general fund unassigned/unrestricted net fund balance decreased from \$3,934,326 unassigned fund balance in FY15 to \$3,057,160 unassigned fund balance for FY16. The District planned for the fund balance to be reduced in the fiscal year as fund balance must reduce until a time that cash reserve levy can again be levied. This will result in progress toward a solvency ratio closer to the District goal percentage. At this time, the District fund balance is in excess of the 20% limitation calculated to levy cash reserve funds. The district's targeted financial solvency rate is 10-15%. The solvency ratio was 17.47% ending FY15 and 12.08% ending FY16, a planned decline of approximately 5%. The FY16-17 budget is the District's first opportunity to again levy cash reserve to add funds to fund balance as the District is finally below the 20% limitation calculated to levy cash reserve.
- DC-G has experienced enrollment growth, which has allowed for additional dollars to fund programs. This has allowed some of the increased cost to be covered by new funds. Significant student growth within a single year may inhibit the district's ability to maintain a constant property tax rate.
- Over the past ten years the net impact of open enrollment has been very positive for DC-G. There was net \$1,909,800 more available for funding programs within our district in 15-16 due to positive net open enrollment of 252 students.
- In 2001-02, DC-G implemented an instructional levy. In 2001-02, the instructional levy was 3%, in 2002-03 it was 7%, and since 2003-04 this levy has been at the maximum 10%. Prior to 2004-05, the district elected not to commit all the instructional levy dollars to spending in the same year. However, in the 2004-05, 2005-06 and 2006-07 fiscal years, the full instructional support levy amount was committed to current year spending. The district voted to renew its instructional levy in October 2008 for a five year period beginning July 1, 2009 and again in December 2015 for the five year period beginning July 1, 2015 ending in 2019. It will be imperative for the district to continue to renew the instructional support levy in the future to maintain programs during enrollment growth.
- The District has implemented an extensive at-risk program, now at the maximum funding level. This has provided funding for some of the additional staff needed in the district, and has allowed the regular operating budget to absorb other increases.
- The District's administrative team and school board closely monitor monthly revenues and expenditures. The board has intentionally decided not to commit funds beyond a certain level which helps maintain a relatively constant or increasing fund balance.

Dallas Center-Grimes Community School District
Management's Discussion and Analysis
June 30, 2016

- The Physical Plant and Equipment Levy (PPEL) fund balance increased from \$1,025,722 at the end of FY15 to \$1,365,153 at the end of FY16. Funds were spent primarily on a major technology infrastructure upgrade to support 1:1 computers in the high school, costs associated with the new bus facility, school bus purchases, carpet replacement, and other district repairs and maintenance.
- The Management fund balance decreased from \$199,589 at June 30, 2015 to \$191,429 at the close of FY16. The planned use of fund balance helped to control the property tax rate but cannot be utilized on a continuing basis. Increasing costs of liability and equipment repair insurances along with the need to control property tax increases has limited the ability of the District to offer programs such as early retirement in FY15 and FY16. The District will investigate alternatives for FY17.

Proprietary Fund Highlights

School Nutrition cash/investments and inventories increased from \$277,560 at June 30, 2015 to \$334,247 at June 30, 2016. The Farm account cash/investments increased from \$12,502 at FY15 to \$13,917 at FY16.

BUDGETARY HIGHLIGHTS

Over the course of the year, Dallas Center - Grimes Community School District monitored the published budget. Budget amendments were needed in one of the four areas, the non-instructional area.

It is the District's practice to budget expenditures at levels up to the maximum authorized spending authority for funds, yet to manage and control the spending through the line-item budget. It is difficult to predict budget outcomes without the Legislature passing allowable growth percentage within budgetary timelines.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the District had invested \$52.4 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$1,762,425 in both governmental and business type activities.

Figure A-6
Capital Assets, net of Depreciation
(Expressed in Thousands)

| | Governmental Activities | | Business type Activities | | Total District | | Total Change |
|-----------------------------------|----------------------------|--------|-----------------------------|------|-------------------|--------|-----------------|
| | June 30, | | June 30, | | June 30, | | June 30, |
| | 2016 | 2015 | 2016 | 2014 | 2016 | 2014 | 2015-2016 |
| Land | \$ 2,558 | 2,574 | - | - | 2,558 | 2,574 | -0.6% |
| Construction in progress | 484 | - | - | - | 484 | - | - |
| Buildings | 46,843 | 48,042 | - | - | 46,843 | 48,042 | -2.5% |
| Improvements other than buildings | 737 | 820 | - | - | 737 | 820 | -10.1% |
| Furniture and equipment | 1,838 | 1,979 | 215 | 252 | 2,053 | 2,231 | -8.0% |
| Totals | \$ 52,460 | 53,415 | 215 | 252 | 52,675 | 53,667 | -1.8% |

Long Term Debt

At June 30, 2016, the District has \$55,557,408 in general obligation, revenue and other long-term debt outstanding. This represents an increase of approximately twenty-eight percent from last year attributable to repayment of obligations, a new GO Bond, and inclusion of the IPERS net pension liability. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 of the financial statements.

| Figure A-7 | | | |
|------------------------------------------|----------------|--------|--------------|
| Outstanding Long-Term Obligations | | | |
| (Expressed in Thousands) | | | |
| | Total District | | Total Change |
| | June 30, | | June 30, |
| | 2016 | 2015 | 2015-2016 |
| General obligation bonds | \$ 38,905 | 26,640 | 46.0% |
| GO bond discount, net | (170) | (85) | 100.0% |
| GO bond premium, net | 485 | 14 | 3364.3% |
| Revenue bonds | 4,925 | 4,925 | 0.0% |
| Revenue bond discount, net | (49) | (53) | -7.5% |
| Early retirement | 399 | 365 | 9.3% |
| Net pension liability | 11,020 | 8,325 | 32.4% |
| Other postemployment benefits | 42 | 30 | 40.0% |
| Totals | \$ 55,557 | 40,161 | 38.3% |

The following reviews recent bonding and construction:

| | | |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| October 19, 1999 | Bond issue 9.75 million for purchase of Rhinehart land, purchase of Meadows land & build/furnish high school on Meadows land 1.26 million bond sold to begin construction and make land purchases | (Levy A only) Pass Levy B - Fail |
| November 23, 1999 | Passage of the Polk County Local Option Sales Tax Revenue bond 4.9 million for the construction of DC elementary sold on October 17, 2000 | Pass |
| December 7, 1999 | Levy B raising funds to levy at the \$4.05 mark for the \$9.75 million dollar bond issue. 9.985 GO bond sold which was remaining dollars authorized Oct. 19, 1999 and refinance Grimes elementary bond | Pass |
| July 16, 2002 | Bond issue \$6.4 million for construction, renovation, and furnishing a new middle school in Dallas Center | Pass |
| March 19, 2004 | Began Phase One of Sports Complex project funded with Local Option Sales and Service dollars. Phase one completed October 18, 2004. | |
| March 30, 2004 | Bond issue 3.0 million for construction and furnishing of auditorium addition to the high school | Pass |

| | | |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------|------|
| April 11, 2006 | Bond issue 6.5 million for site acquisition, construction and furnishing a new elementary school (North Ridge Elementary) | Pass |
| April 11, 2006 | Passage of voter-approved PPEL Levy not to exceed \$1.34/\$1,000 | Pass |
| September 9, 2008 | Revenue purpose statement SAVE/LOSST fund | Pass |
| September 14, 2010 | QSCB General Obligation Bond \$11,315,000 Taxable for 8-9 building | Pass |
| April 7, 2016 | Bond issue 13.8 million for site acquisition, construction and furnishing a new elementary school in the grimes heritage development area | Pass |

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances which may affect financial health in the future:

- The District continues to experience enrollment growth. The District's population in 2010 is currently estimated at 9,869 which is approximately 51% growth over the 2000 census. The City of Grimes has requested a special census for 2016.
- The most recent bond issue voted April 7, 2016 had an 82% positive vote in the election and construction will begin in FY 2016 on a new elementary facility in Grimes to support approximately 500 students.
- Private and corporate homebuilders continue to select the Grimes area for new home construction. The recent rate of growth will allow for a manageable transition to additional facilities, but accelerated rates of growth expected will greatly stress current facilities. The district continues to monitor growth of residential housing by monitoring the number of building permits granted and it is noted that recent data indicates a sharp incline in new building permits filed within the District.
- Two large developments continue to proceed in the City of Grimes: the Heritage development and the Beaverbrook development. Rapid home building in each of these areas is being continually monitored by the District. Residential building permits are being requested well above the historical levels. The district will need to closely monitor changes in enrollment and make staffing changes immediately. Failure to monitor and/or to react to enrollment declines will negatively impact the district's budget.
- The District has contracted the services of RSP Associates to monitor and project enrollment growth. This is yet another factor providing information to the administration and subsequently to the Facilities committee to plan for enrollment growth.
- In September 2008, the district approved a new Statement of Purpose for the LOSST. This will allow a greater use of LOSST funds and adding to the capacity for projects that have primarily been PPEL projects.
- In the fall of 2008, the district established a community wide facility committee. The facility committee continues to meet to review future facility needs of the District and reviews uses of funds for projects or the need for future bonding for major construction.
- The District voters passed the voter-approved PPEL levy on April 7, 2016 for 10 years. These funds will continue to support repair and renovations in the District and possible funds for needed additions to facilities.
- Along with growth, transportation needs to transport students to school locations continues to grow. The District has purchased three new buses. The district will need to maintain a level of at least two to three bus purchases annually in the future which has been included in the District ten-year PPEL planning. If neighborhood school boundaries are changed, bussing needs may also change and additional buses must be purchased per year.
- The District completed it's transportation facility in Grimes, and with a growing fleet the need for a central location to store and perform maintenance on the fleet was an imperative improvement. This complex includes a building for central storage and warehousing at this location. This project was funded with SAVE local option sales tax funds.

- Fiscal 2016 was the first year of a one-year contract with the Dallas Center-Grimes Education Association. The package totaled just over 4.0%. Future increases are tied to the allowable growth set by the state, which allows for a positive situation for the District. If needed, staff increases can be limited to lane, step, and insurance increases.
- In May 2016, the bond rating was reviewed by Moody's Investing Service for the fifth time and the rating was improved from Aa3 to Aa2. The report noted areas of strength including tax base growth, increasing enrollment, and strong fiscal management.
- Over the past several years, the District net open enrollment in and out number has improved dramatically. The 2016 and 2017 school years will experience a net positive open enrollment students near the same figures as the previous fiscal year. The District will need to be careful of funding ongoing expenditures with funds as variable as open enrollment and make immediate changes in staffing levels if open enrollment drops. The district needs to continue to foster open enrollment to the extent that facilities allow.
- In the January 1, 2015 assessment of District taxable valuation, property values increased by 3.73%. In the January 1, 2016 assessment of District taxable valuation, property values increased by 9.63%. This percentage is varying greatly and difficult to predict for future projections. With the many variables associated with property tax valuation such as agricultural valuation changes in Dallas County, TIF valuation changes, and reassessment of properties, the District will monitor closely as it may not experience the same historic levels of taxable property valuation growth.
- Area cities continue to discuss and use TIF as means of supporting development. All TIF, but especially residential TIFs will have a negative impact on property tax rate. The District must continue to monitor and oppose TIFs that negatively impact the District.
- The District has grown an average of 60 students per year for the past ten years. The growth recorded in September 2008 was 63 students, September 2009 was 53 students, September 2010 was 58 students, September 2011 was 28 students, September 2013 was a record 157.37 students, September 2014 was an increase of 104.37, and September 2015 was an increase of 130.57 students. The September 2016 student growth was approximately 204 students. Although this level of growth is not planned for the future, it is prudent for the District to plan for growth of 75 to 100 students per year. This increase creates facility challenges as the district also increases its preschool program.
- To the south of the Grimes area, Aurora Business Park, L.L.C. has continued construction of a projected \$300 million dollar business park within school boundaries. This development will significantly increase property valuation, and will be the workplace of nearly one-thousand employees. Unfortunately, the area is a TIF area so general fund valuation will not grow with the development.
- Two years ago, Wal-Mart opened a new store in the City of Grimes. Although not in the school district, the expected and planned retail development will impact the District's taxable valuation and enrollment. Commercial growth continues to happen in this area.
- Although current facilities are in great condition, there has been an increasing need for annual facility maintenance funds, as district facilities are no longer under warranty and start to age. Much of the increased cost is associated with managing increased technology in our mechanical and electrical systems. The voters of the District approved a voted-PPEL levy to help meet the annual facility maintenance needs and renewal of this levy will be imperative for the District.
- The rapid addition of facilities has been fostered by significant residential and commercial taxable valuation growth. A decrease in valuation will likely have an impact on the district property tax rate. Although District enrollment growth has been manageable, rates of growth similar to other area districts will result in a significant impact upon facilities and in the property tax rate.
- Ongoing discussions of revisions to Highway 44, Highway 141, and the construction of a north/south bypass and/or an east/west bypass will impact the commercial and residential growth of Grimes.
- The District has structured payments for General Obligation bonds with several larger payments in the years 2027, 2028, and 2029. This structure will create difficulty in future bonding schedules, and the Board will prudently review this situation and take available action to consider using subsidy payments and pre-levying funds toward prepayment of those bonds to create a favorable payment structure for the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Michelle Wearmouth, Business Manager at Dallas Center-Grimes Community School District, P.O. Box 512, Dallas Center, Iowa 50063.

Basic Financial Statements

Dallas Center-Grimes Community School District
Statement of Net Position
June 30, 2016

| | Governmental Activities | Business Type Activities | Total |
|-------------------------------------------------|----------------------------|-----------------------------|-------------------|
| Assets | | | |
| Cash, cash equivalents and pooled investments | \$ 29,170,056 | 375,478 | 29,545,534 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | 39,732 | - | 39,732 |
| Succeeding year | 14,859,828 | - | 14,859,828 |
| Accounts | 5,321 | 1,930 | 7,251 |
| Due from other governments | 562,611 | - | 562,611 |
| Inventories | - | 21,728 | 21,728 |
| Capital assets, net of accumulated depreciation | 52,460,550 | 215,329 | 52,675,879 |
| Total assets | 97,098,098 | 614,465 | 97,712,563 |
| Deferred Outflows of Resources | | | |
| Deferred bond costs | 238,666 | - | 238,666 |
| Pension related deferred outflows | 4,703,922 | - | 4,703,922 |
| Total deferred outflows of resources | 4,942,588 | - | 4,942,588 |
| Liabilities | | | |
| Accounts payable | 444,179 | 47,483 | 491,662 |
| Salaries and benefits payable | 499,912 | - | 499,912 |
| Accrued interest payable | 278,466 | - | 278,466 |
| Long-term liabilities: | | | |
| Portion due within one year: | | | |
| General obligation bonds | 1,430,000 | - | 1,430,000 |
| Early retirement | 99,828 | - | 99,828 |
| Portion due after one year: | | | |
| General obligation bonds | 37,790,114 | - | 37,790,114 |
| Revenue bonds | 4,875,737 | - | 4,875,737 |
| Early retirement | 299,512 | - | 299,512 |
| Net pension liability | 11,020,217 | - | 11,020,217 |
| Net OPEB liability | 42,000 | - | 42,000 |
| Total liabilities | 56,779,965 | 47,483 | 56,827,448 |
| Deferred Inflows of Resources | | | |
| Unavailable property tax revenue | 14,859,828 | - | 14,859,828 |
| Pension related deferred inflows | 2,566,014 | - | 2,566,014 |
| Total deferred inflows of resources | 17,425,842 | - | 17,425,842 |
| Net position | | | |
| Net investment in capital assets | 22,897,783 | 215,329 | 23,113,112 |
| Restricted for: | | | |
| Categorical funding | 244,538 | - | 244,538 |
| Debt service | 7,118,463 | - | 7,118,463 |
| Management levy purposes | 191,429 | - | 191,429 |
| Physical plant and equipment | 1,365,153 | - | 1,365,153 |
| Capital projects | 1,769,427 | - | 1,769,427 |
| Student activities | 214,575 | - | 214,575 |
| Unrestricted | (5,966,489) | 351,653 | (5,614,836) |
| Total net position | \$ 27,834,879 | 566,982 | 28,401,861 |

See notes to financial statements.

Dallas Center-Grimes Community School District
Statement of Activities
Year ended June 30, 2016

| | Program Revenues | | | | | Net (Expense) Revenue & Changes in Net Position |
|------------------------------------|----------------------|---------------------|---------------------------------------------------------|-------------------------|--------------------------|-------------------------------------------------|
| | Expenses | Charges for Service | Operating Grants, Contributions and Restricted Interest | Governmental Activities | Business Type Activities | Total |
| Functions/Programs | | | | | | |
| Governmental activities: | | | | | | |
| Instruction: | | | | | | |
| Regular instruction | \$ 11,489,994 | 2,464,919 | 3,022,039 | (6,003,036) | - | (6,003,036) |
| Special instruction | 4,401,801 | 342,312 | 375,368 | (3,684,121) | - | (3,684,121) |
| Other instruction | 2,915,730 | 492,380 | 85,647 | (2,337,703) | - | (2,337,703) |
| | <u>18,807,525</u> | <u>3,299,611</u> | <u>3,483,054</u> | <u>(12,024,860)</u> | <u>-</u> | <u>(12,024,860)</u> |
| Support services: | | | | | | |
| Student | 754,389 | - | - | (754,389) | - | (754,389) |
| Instructional staff | 1,912,653 | - | - | (1,912,653) | - | (1,912,653) |
| Administration | 2,703,249 | - | - | (2,703,249) | - | (2,703,249) |
| Operating and maintenance of plant | 2,768,006 | - | - | (2,768,006) | - | (2,768,006) |
| Transportation | 1,208,273 | 102,491 | 17,928 | (1,087,854) | - | (1,087,854) |
| | <u>9,346,570</u> | <u>102,491</u> | <u>17,928</u> | <u>(9,226,151)</u> | <u>-</u> | <u>(9,226,151)</u> |
| Other expenditures: | | | | | | |
| Facilities acquisition | 2,848,512 | - | - | (2,848,512) | - | (2,848,512) |
| Long-term debt interest | 1,875,948 | - | - | (1,875,948) | - | (1,875,948) |
| AEA flowthrough | 960,969 | - | 960,969 | - | - | - |
| | <u>5,685,429</u> | <u>-</u> | <u>960,969</u> | <u>(4,724,460)</u> | <u>-</u> | <u>(4,724,460)</u> |
| Total governmental activities | <u>33,839,524</u> | <u>3,402,102</u> | <u>4,461,951</u> | <u>(25,975,471)</u> | <u>-</u> | <u>(25,975,471)</u> |
| Business type activities: | | | | | | |
| Support services: | | | | | | |
| Student construction | 244,482 | 253,633 | - | - | 9,151 | 9,151 |
| Farm account | 1,555 | 2,970 | - | - | 1,415 | 1,415 |
| Non-instructional programs: | | | | | | |
| Food service operations | 1,491,296 | 1,035,462 | 424,196 | - | (31,638) | (31,638) |
| Total business type activities | <u>1,737,333</u> | <u>1,292,065</u> | <u>424,196</u> | <u>-</u> | <u>(21,072)</u> | <u>(21,072)</u> |
| Total primary government | <u>\$ 35,576,857</u> | <u>4,694,167</u> | <u>4,886,147</u> | <u>(25,975,471)</u> | <u>(21,072)</u> | <u>(25,996,543)</u> |

Exhibit B

Dallas Center-Grimes Community School District
Statement of Activities
Year ended June 30, 2016

| | Program Revenues | | | Net (Expense) Revenue & Changes in Net Position | | |
|---------------------------------------------------|------------------|---------------------|---------------------------------------------------------|-------------------------------------------------|--------------------------|--------------|
| | Expenses | Charges for Service | Operating Grants, Contributions and Restricted Interest | Governmental Activities | Business Type Activities | Total |
| Totals from previous page | \$ 35,576,857 | 4,694,167 | 4,886,147 | (25,975,471) | (21,072) | (25,996,543) |
| General Revenues: | | | | | | |
| Property tax levied for: | | | | | | |
| General purposes | | | | 8,475,869 | - | 8,475,869 |
| Debt service | | | | 3,306,000 | - | 3,306,000 |
| Capital outlay | | | | 1,293,677 | - | 1,293,677 |
| Statewide sales, services and use tax | | | | 2,220,639 | - | 2,220,639 |
| Unrestricted state grants | | | | 10,292,563 | - | 10,292,563 |
| Unrestricted investment earnings | | | | 177,717 | 445 | 178,162 |
| Other | | | | 1,297,787 | - | 1,297,787 |
| Contributions not restricted to specific programs | | | | 10,622 | - | 10,622 |
| Contributed capital | | | | - | 10,961 | 10,961 |
| Gain (loss) on disposal of capital assets | | | | - | (6,000) | (6,000) |
| Total general revenues | | | | 27,074,874 | 5,406 | 27,080,280 |
| Change in net position | | | | 1,099,403 | (15,666) | 1,083,737 |
| Net position beginning of year, as restated | | | | 26,735,476 | 582,648 | 27,318,124 |
| Net position end of year | | | | \$ 27,834,879 | 566,982 | 28,401,861 |

See notes to financial statements.

Dallas Center-Grimes Community School District
Balance Sheet
Governmental Funds
June 30, 2016

| | General | Debt Service | Capital Projects | Non-major | Total |
|-------------------------------------------------------------------------------|----------------------|-------------------|---------------------|------------------|-------------------|
| Assets | | | | | |
| Cash, cash equivalents and pooled investments | \$ 4,012,050 | 7,387,266 | 17,347,199 | 423,541 | 29,170,056 |
| Receivables: | | | | | |
| Property tax: | | | | | |
| Delinquent | 24,351 | 9,663 | 3,722 | 1,996 | 39,732 |
| Succeeding year | 9,200,220 | 3,542,968 | 1,391,640 | 725,000 | 14,859,828 |
| Accounts | - | - | - | 5,321 | 5,321 |
| Due from other governments | 378,359 | - | 184,252 | - | 562,611 |
| Total assets | \$ 13,614,980 | 10,939,897 | 18,926,813 | 1,155,858 | 44,637,548 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 313,150 | - | 106,175 | 24,854 | 444,179 |
| Salaries and benefits payable | 499,912 | - | - | - | 499,912 |
| Total liabilities | 813,062 | - | 106,175 | 24,854 | 944,091 |
| Deferred inflows of resources : | | | | | |
| Unavailable revenues: | | | | | |
| Succeeding year property tax | 9,200,220 | 3,542,968 | 1,391,640 | 725,000 | 14,859,828 |
| Total deferred inflows of resources | 9,200,220 | 3,542,968 | 1,391,640 | 725,000 | 14,859,828 |
| Fund balances: | | | | | |
| Restricted for: | | | | | |
| Categorical funding | 244,538 | - | - | - | 244,538 |
| Debt service | - | 7,396,929 | - | - | 7,396,929 |
| Management levy purposes | - | - | - | 191,429 | 191,429 |
| Student activities | - | - | - | 214,575 | 214,575 |
| School infrastructure | - | - | 16,063,845 | - | 16,063,845 |
| Physical plant and equipment | - | - | 1,365,153 | - | 1,365,153 |
| Committed | 300,000 | - | - | - | 300,000 |
| Unassigned | 3,057,160 | - | - | - | 3,057,160 |
| Total fund balances | 3,601,698 | 7,396,929 | 17,428,998 | 406,004 | 28,833,629 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 13,614,980 | 10,939,897 | 18,926,813 | 1,155,858 | 44,637,548 |

See notes to financial statements.

Exhibit D

Dallas Center-Grimes Community School District
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2016

Total fund balances of governmental funds (Exhibit C) **\$ 28,833,629**

***Amounts reported for governmental activities in the
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds:

| | | |
|-----------------------------------|---------------------|------------|
| Land | \$ 2,558,241 | |
| Construction in progress | 483,861 | |
| Buildings | 59,573,126 | |
| Improvements | 2,191,069 | |
| Vehicles, furniture and equipment | 6,747,195 | |
| Accumulated depreciation | <u>(19,092,942)</u> | 52,460,550 |

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.

(278,466)

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

| | | |
|--------------------------------|--------------------|-----------|
| Deferred outflows of resources | 4,703,922 | |
| Deferred inflows of resources | <u>(2,566,014)</u> | 2,137,908 |

Long-term liabilities, including bonds and notes payable, bond discounts, deferred bond costs, bond premiums, net pension liability, other postemployment benefits and special termination benefits are not due and payable in the current year and, therefore, are not reported in the governmental funds. These liabilities at year-end consist of:

| | | |
|-------------------------------|------------------|--------------|
| General obligation bonds | (38,905,000) | |
| Sales tax revenue bonds | (4,925,000) | |
| Bond discounts, net | 219,374 | |
| Deferred bond costs, net | 238,666 | |
| Bond premiums, net | (485,225) | |
| Net pension liability | (11,020,217) | |
| Other postemployment benefits | (42,000) | |
| Special termination benefits | <u>(399,340)</u> | (55,318,742) |

Net position of governmental activities (Exhibit A) **\$ 27,834,879**

See notes to financial statements.

Exhibit E

Dallas Center-Grimes Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2016

| | General | Debt Service | Capital Projects | Non-major | Total |
|--------------------------------------------------------------|--------------|-----------------|---------------------|-----------|------------|
| Revenues: | | | | | |
| Local sources: | | | | | |
| Local tax | \$ 7,841,069 | 3,306,000 | 1,293,677 | 634,800 | 13,075,546 |
| Tuition | 2,517,722 | - | - | - | 2,517,722 |
| Other | 531,271 | 907,879 | 59,311 | 525,852 | 2,024,313 |
| State sources | 14,340,908 | 78,207 | 2,252,831 | 17,946 | 16,689,892 |
| Federal sources | 631,454 | - | - | - | 631,454 |
| Total revenues | 25,862,424 | 4,292,086 | 3,605,819 | 1,178,598 | 34,938,927 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 11,075,835 | - | - | 105,510 | 11,181,345 |
| Special | 4,435,322 | - | - | - | 4,435,322 |
| Other | 1,576,687 | - | - | 508,792 | 2,085,479 |
| | 17,087,844 | - | - | 614,302 | 17,702,146 |
| Support services: | | | | | |
| Student | 762,618 | - | - | - | 762,618 |
| Instructional staff | 1,783,497 | - | - | - | 1,783,497 |
| Administration | 2,534,686 | - | 97,670 | - | 2,632,356 |
| Operation and maintenance of plant | 2,170,745 | - | 31,345 | 561,772 | 2,763,862 |
| Transportation | 970,355 | - | 263,622 | 26,722 | 1,260,699 |
| | 8,221,901 | - | 392,637 | 588,494 | 9,203,032 |
| Other expenditures: | | | | | |
| Facilities acquisition | - | - | 3,332,373 | - | 3,332,373 |
| Long-term debt: | | | | | |
| Principal | - | 1,535,000 | - | - | 1,535,000 |
| Interest and fiscal charges | - | 1,787,846 | - | - | 1,787,846 |
| AEA flowthrough | 960,969 | - | - | - | 960,969 |
| | 960,969 | 3,322,846 | 3,332,373 | - | 7,616,188 |
| Total expenditures | 26,270,714 | 3,322,846 | 3,725,010 | 1,202,796 | 34,521,366 |
| Excess (deficiency) of revenues over (under) expenditures | (408,290) | 969,240 | (119,191) | (24,198) | 417,561 |
| Other financing sources (uses): | | | | | |
| General obligations bonds issued | - | - | 13,800,000 | - | 13,800,000 |
| Premium on the issuance of bonds | - | - | 498,843 | - | 498,843 |
| Discount on the issuance of bonds | - | - | (96,600) | - | (96,600) |
| Operating transfers in | - | 555,163 | - | - | 555,163 |
| Operating transfers out | - | - | (555,163) | - | (555,163) |
| Total other financing sources (uses) | - | 555,163 | 13,647,080 | - | 14,202,243 |
| Change in fund balances | (408,290) | 1,524,403 | 13,527,889 | (24,198) | 14,619,804 |
| Fund balances beginning of year | 4,009,988 | 5,872,526 | 3,901,109 | 430,202 | 14,213,825 |
| Fund balances end of year | \$ 3,601,698 | 7,396,929 | 17,428,998 | 406,004 | 28,833,629 |

See notes to financial statements.

Dallas Center-Grimes Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statement of Activities
Year ended June 30, 2016

Net change in fund balances - total governmental funds (Exhibit E) **\$ 14,619,804**

***Amounts reported for governmental activities in the
Statement of Activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. These costs are not reported in the Statement of Activities, but they are allocated over the estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. The amounts of capital outlays, depreciation expense and other transactions involving capital assets in the year are as follows:

| | | |
|----------------------|--------------------|-----------|
| Capital outlays | \$ 766,419 | |
| Depreciation expense | <u>(1,721,108)</u> | (954,689) |

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year activity includes:

| | | |
|-------------------------------------|-----------------|--------------|
| General obligations bonds issued | (13,800,000) | |
| Premium on the issuance of bonds | (498,843) | |
| Discount on the issuance of bonds | 96,600 | |
| Bond principal repaid | 1,535,000 | |
| Amortization of bond premium | 27,961 | |
| Amortization of deferred bond costs | (59,667) | |
| Amortization of bond discount | <u>(16,075)</u> | (12,715,024) |

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (40,321)

The current year District IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 1,459,280

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

| | | |
|-------------------------------|-----------------|-------------|
| Early retirement | (33,973) | |
| Pension expense | (1,223,634) | |
| Other postemployment benefits | <u>(12,040)</u> | (1,269,647) |

Change in net position of governmental activities (Exhibit B) **\$ 1,099,403**

See notes to financial statements.

Exhibit G

Dallas Center-Grimes Community School District
Statement of Net Position
Proprietary Funds
June 30, 2016

| | Enterprise Funds |
|----------------------------------|---------------------|
| Assets | |
| Current assets: | |
| Cash and cash equivalents | \$ 375,478 |
| Accounts receivable | 1,930 |
| Inventories | 21,728 |
| Total current assets | 399,136 |
| Non-current assets: | |
| Machinery and equipment | 707,968 |
| Accumulated depreciation | (492,639) |
| Total non-current assets | 215,329 |
| Total assets | 614,465 |
| Liabilities | |
| Current liabilities: | |
| Accounts payable | 47,483 |
| Total liabilities | 47,483 |
| Net Position | |
| Net investment in capital assets | 215,329 |
| Unrestricted | 351,653 |
| Total net position | \$ 566,982 |

See notes to financial statements.

Exhibit H

Dallas Center-Grimes Community School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2016

| | Enterprise Funds |
|---------------------------------------------|---------------------|
| Operating revenues: | |
| Local sources: | |
| Operating revenues | \$ 1,292,065 |
| Operating expenses: | |
| Instructional programs: | |
| Support services: | |
| Services | 152,628 |
| Supplies | 93,409 |
| | 246,037 |
| Non-instructional programs: | |
| Food service operations: | |
| Services | 1,181,285 |
| Supplies | 268,694 |
| Depreciation | 41,317 |
| | 1,491,296 |
| Total operating expenses | 1,737,333 |
| Operating loss | (445,268) |
| Non-operating revenues: | |
| State sources | 9,764 |
| Federal sources | 414,432 |
| Interest income | 445 |
| Total non-operating revenues | 424,641 |
| Income (loss) before other sources (uses) | (20,627) |
| Other sources (uses) | |
| Capital contributions | 10,961 |
| Loss on sale of capital assets | (6,000) |
| Total other sources (uses) | 4,961 |
| Changes in net position | (15,666) |
| Net position beginning of year, as restated | 582,648 |
| Net position end of year | \$ 566,982 |

See notes to financial statements.

Dallas Center-Grimes Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2016

| | Enterprise Funds |
|----------------------------------------------------------------------------|--------------------------|
| Cash flows from operating activities: | |
| Cash received from sale of lunches and breakfasts | \$ 1,066,990 |
| Cash received from miscellaneous operating activities | 489,029 |
| Cash payments to suppliers for goods or services | (1,551,445) |
| Net cash provided by operating activities | <u>4,574</u> |
| Cash flows from non-capital financing activities: | |
| State grants received | 9,764 |
| Federal grants received | 318,402 |
| Net cash provided by non-capital financing activities | <u>328,166</u> |
| Cash flows from capital and related financing activities: | |
| Interfund loan | (191,486) |
| Net cash used by capital and related financing activities | <u>(191,486)</u> |
| Cash flows from investing activities: | |
| Interest on investments | <u>445</u> |
| Net increase in cash and cash equivalents | 141,699 |
| Cash and cash equivalents at beginning of year | <u>233,779</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 375,478</u></u> |
| Reconciliation of operating loss to net cash used by operating activities: | |
| Operating loss | \$ (445,268) |
| Adjustments to reconcile operating loss to | |
| net cash used by operating activities: | |
| Commodities used | 96,030 |
| Depreciation | 41,317 |
| Decrease in accounts receivable | 263,954 |
| Decrease in inventories | 1,636 |
| Increase in accounts payable | 46,905 |
| Net cash provided by operating activities | <u><u>\$ 4,574</u></u> |
| Reconciliation of cash and cash equivalents at year end to | |
| specific assets included on Statement of Net Assets: | |
| Current assets: | |
| Cash and investments | <u>\$ 375,478</u> |
| Cash and cash equivalents at year end | <u><u>\$ 375,478</u></u> |

Non-cash investing, capital and financing activities:

During the year ended June 30, 2016, the District received \$96,030 of federal commodities.

See notes to financial statements.

Exhibit J

**Dallas Center-Grimes Community School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016**

| | Private Purpose Trust | |
|-----------------------------------------------|--------------------------|--------|
| | Scholarship | Agency |
| Assets | | |
| Cash, cash equivalents and pooled investments | \$ 29,518 | 32,583 |
| Total assets | 29,518 | 32,583 |
| Liabilities | | |
| Accounts payable | - | 32,583 |
| Total liabilities | - | 32,583 |
| Net position | | |
| Reserved for scholarships | 29,518 | - |
| Total net assets | \$ 29,518 | - |

See notes to financial statements.

Exhibit K

Dallas Center-Grimes Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2016

| | Private Purpose Trust Scholarship |
|--------------------------------|-----------------------------------------|
| Additions: | |
| Local sources: | |
| Gifts and contributions | \$ 500 |
| Interest income | 63,493 |
| Total additions | 63,993 |
| Deductions: | |
| Support services: | |
| Scholarships awarded | 214,389 |
| Change in net position | (150,396) |
| Net position beginning of year | 179,914 |
| Net position end of year | \$ 29,518 |

See notes to financial statements.

(1) **Summary of Significant Accounting Policies**

The Dallas Center-Grimes Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades preschool through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Dallas Center and Grimes, Iowa, and the predominate agricultural territory in Dallas County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Dallas Center-Grimes Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

Dallas Center-Grimes Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Dallas County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital

requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

Fund accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, deferred inflows/outflows, fund balance/net position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following is the District's major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The District's proprietary funds consist of three Enterprise funds: School Nutrition, Student Construction and School Farm Account. These funds are used to account for the food service operations, student construction operations and farm rental operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the "economic resources measurement focus" and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted Net Position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable – Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2015.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expense when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the Government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

| <u>Asset Class</u> | <u>Amount</u> |
|-----------------------------------|---------------|
| Land | \$ 2,000 |
| Buildings | 10,000 |
| Improvements other than buildings | 10,000 |
| Furniture and equipment: | |
| School Nutrition Fund equipment | 500 |
| Other furniture and equipment | 1,000 |

Capital assets are depreciated using the straight line method over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives (In Years)</u> |
|-----------------------------------|--------------------------------------------------|
| Buildings | 50 years |
| Improvements other than buildings | 20-50 years |
| Furniture and equipment | 5-15 years |

Deferred Outflows of Resources Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense, contributions from the District after the measurement date but before the end of the District's reporting period and the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Long-term Liabilities – In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to / deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2016, expenditures exceeded the amounts budgeted in the non-instruction programs function.

(2) Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2016, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2016, the District had investments in the following:

| | |
|-------------------------------------|----------------------|
| Iowa Schools Joint Investment Trust | |
| Diversified Portfolio | \$ 3,679,973 |
| Fixed Income | 12,077,801 |
| Bankers Trust: | |
| ISJIT Diversified Portfolio | 319,000 |
| US Treasury Notes | 6,759,599 |
| The Education Liquidity Fund: | |
| Institutional Money Market | 3 |
| | <u>\$ 22,836,376</u> |

At June 30, 2016, the investments in the Iowa School Joint Investment Trust Direct (ISJIT) which are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawal of the ISJIT investments. The investments in ISJIT were rated AAAM by Standard & Poor's Financial Services.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

| Transfer to | Transfer from | Amount |
|--------------|------------------|-------------------|
| Debt service | Capital projects | \$ 555,163 |
| | | <u>\$ 555,163</u> |

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2016 is as follows:

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year |
|----------------------------------------------|------------------------------|-------------|-----------|------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 2,573,829 | - | 15,588 | 2,558,241 |
| Construction in progress | - | 483,861 | - | 483,861 |
| Total capital assets not being depreciated | 2,573,829 | 483,861 | 15,588 | 3,042,102 |
| Capital assets being depreciated: | | | | |
| Buildings | 59,573,126 | - | - | 59,573,126 |
| Improvements other than buildings | 2,191,069 | - | - | 2,191,069 |
| Furniture and equipment | 6,449,049 | 298,146 | - | 6,747,195 |
| Total capital assets being depreciated | 68,213,244 | 298,146 | - | 68,511,390 |
| Less accumulated depreciation for: | | | | |
| Buildings | 11,531,076 | 1,199,218 | - | 12,730,294 |
| Improvements other than buildings | 1,370,939 | 82,709 | - | 1,453,648 |
| Furniture and equipment | 4,469,819 | 439,181 | - | 4,909,000 |
| Total accumulated depreciation | 17,371,834 | 1,721,108 | - | 19,092,942 |
| Total capital assets being depreciated, net | 50,841,410 | (1,422,962) | - | 49,418,448 |
| Governmental activities capital assets, net | \$ 53,415,239 | (939,101) | 15,588 | 52,460,550 |
| Business type activities: | | | | |
| Furniture and equipment | \$ 705,007 | 10,961 | 8,000 | 707,968 |
| Less accumulated depreciation | 453,322 | 41,317 | 2,000 | 492,639 |
| Business type activities capital assets, net | \$ 251,685 | (30,356) | 6,000 | 215,329 |

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

| | |
|---------|------------|
| Regular | \$ 423,194 |
| Special | 6,427 |
| Other | 834,742 |

Support services:

| | |
|------------------------------------|---------|
| Student support | 3,856 |
| Instructional staff | 141,241 |
| Administration | 78,405 |
| Operation and maintenance of plant | 23,863 |
| Transportation | 209,380 |

| | |
|----------------------------------------------------|--------------|
| Total governmental activities depreciation expense | \$ 1,721,108 |
|----------------------------------------------------|--------------|

Business type activities:

| | |
|-------------------------|-----------|
| Food service operations | \$ 41,317 |
|-------------------------|-----------|

(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2016 are summarized as follows:

| | Balance Beginning of Year | Additions | Reductions | Balance End of Year | Due Within One Year |
|--------------------------|---------------------------------|------------|------------|---------------------------|---------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 26,640,000 | 13,800,000 | 1,535,000 | 38,905,000 | 1,430,000 |
| GO bond discounts | (85,619) | (96,600) | (12,108) | (170,111) | - |
| GO bond premiums | 14,343 | 498,843 | 27,961 | 485,225 | - |
| Revenue bonds | 4,925,000 | - | - | 4,925,000 | - |
| Revenue bond discounts | (53,230) | - | (3,967) | (49,263) | - |
| Early retirement | 365,367 | 148,956 | 114,983 | 399,340 | 99,828 |
| Net pension liability | 8,324,917 | 2,695,300 | - | 11,020,217 | - |
| Net OPEB liability | 29,960 | 12,040 | - | 42,000 | - |
| Total | \$ 40,160,738 | 17,058,539 | 1,661,869 | 55,557,408 | 1,529,828 |

General Obligation Bonds Payable

Details of the District's June 30, 2016 general obligation bonded indebtedness are as follows:

| Year ending June 30, | Bond Issue of July 1, 2004 | | | Bond Issue of April 1, 2010 | | | Bond Issue of December 1, 2010 | | |
|-------------------------|----------------------------|------------------|------------------|-----------------------------|------------------|----------------|--------------------------------|-------------------|------------------|
| | Int. Rate % | Principal | Interest | Int. Rate % | Principal | Interest | Int. Rate % | Principal | Interest |
| 2017 | 4.40 | \$ 10,000 | 139,242 | 2.650 | 735,000 | 90,585 | 5.625 | - | 620,156 |
| 2018 | 4.45 | 10,000 | 138,803 | 2.800 | 765,000 | 71,108 | 5.625 | - | 620,156 |
| 2019 | 4.50 | 10,000 | 138,357 | 3.000 | 790,000 | 49,687 | 5.625 | - | 620,156 |
| 2020 | 4.55 | 10,000 | 137,908 | 3.150 | 825,000 | 25,987 | 5.625 | - | 620,156 |
| 2021 | 4.65 | 10,000 | 137,452 | - | - | - | 5.625 | - | 620,156 |
| 2022 | 4.75 | 5,000 | 136,988 | - | - | - | 5.625 | - | 620,156 |
| 2023 | 5.00 | 1,335,000 | 136,750 | - | - | - | 5.625 | - | 620,156 |
| 2024 | 5.00 | 1,400,000 | 70,000 | - | - | - | 5.625 | - | 620,156 |
| 2025 | - | - | - | - | - | - | 5.625 | - | 620,156 |
| 2026 | - | - | - | - | - | - | 5.625 | - | 620,156 |
| 2027 | - | - | - | - | - | - | 5.625 | - | 620,156 |
| 2028 | - | - | - | - | - | - | 5.625 | - | 620,156 |
| 2029 | - | - | - | - | - | - | 5.625 | 11,025,000 | 620,156 |
| 2030 | - | - | - | - | - | - | - | - | - |
| 2031 | - | - | - | - | - | - | - | - | - |
| 2032 | - | - | - | - | - | - | - | - | - |
| 2033 | - | - | - | - | - | - | - | - | - |
| 2034 | - | - | - | - | - | - | - | - | - |
| 2035 | - | - | - | - | - | - | - | - | - |
| | | <u>2,790,000</u> | <u>1,035,500</u> | | <u>3,115,000</u> | <u>237,367</u> | | <u>11,025,000</u> | <u>8,062,028</u> |

Dallas Center-Grimes Community School District
Notes to Financial Statements
June 30, 2016

General Obligation Bonds Payable (continued)

| Year ending June 30, | Bond Issue of February 1, 2012 | | | Bond Issue of July 15, 2015 | | | Total | | |
|-------------------------|--------------------------------|------------------|----------------|-----------------------------|-------------------|------------------|----------------------|-------------------|-------------------|
| | Int. Rate % | Principal | Interest | Int. Rate % | Principal | Interest | Principal | Interest | Total |
| 2017 | 1.000 | 685,000 | 146,062 | 2.250 | - | 526,287 | 1,430,000 | 1,522,332 | 2,952,332 |
| 2018 | 1.000 | 690,000 | 139,212 | 2.250 | - | 526,288 | 1,465,000 | 1,495,567 | 2,960,567 |
| 2019 | 1.500 | 700,000 | 132,313 | 2.250 | - | 526,287 | 1,500,000 | 1,466,800 | 2,966,800 |
| 2020 | 1.500 | 700,000 | 121,813 | 2.250 | - | 526,288 | 1,535,000 | 1,432,152 | 2,967,152 |
| 2021 | 1.750 | 1,400,000 | 111,313 | 2.250 | - | 526,287 | 1,410,000 | 1,395,208 | 2,805,208 |
| 2022 | 1.750 | 1,400,000 | 86,813 | 2.250 | - | 526,288 | 1,405,000 | 1,370,245 | 2,775,245 |
| 2023 | 2.000 | 150,000 | 62,313 | 2.250 | 15,000 | 526,287 | 1,500,000 | 1,345,506 | 2,845,506 |
| 2024 | 2.250 | 175,000 | 59,313 | 3.000 | 1,280,000 | 525,950 | 2,855,000 | 1,275,419 | 4,130,419 |
| 2025 | 2.250 | 1,300,000 | 55,375 | 3.000 | 265,000 | 487,550 | 1,565,000 | 1,163,081 | 2,728,081 |
| 2026 | 2.375 | 1,100,000 | 26,125 | 3.000 | 500,000 | 479,600 | 1,600,000 | 1,125,881 | 2,725,881 |
| 2027 | - | - | - | 4.000 | - | 464,600 | - | 1,084,756 | 1,084,756 |
| 2028 | - | - | - | 4.000 | - | 464,600 | - | 1,084,756 | 1,084,756 |
| 2029 | - | - | - | 4.000 | - | 464,600 | 11,025,000 | 1,084,756 | 12,109,756 |
| 2030 | - | - | - | 4.000 | 1,870,000 | 464,600 | 1,870,000 | 464,600 | 2,334,600 |
| 2031 | - | - | - | 4.000 | 1,895,000 | 389,800 | 1,895,000 | 389,800 | 2,284,800 |
| 2032 | - | - | - | 4.000 | 1,920,000 | 314,000 | 1,920,000 | 314,000 | 2,234,000 |
| 2033 | - | - | - | 4.000 | 1,950,000 | 237,200 | 1,950,000 | 237,200 | 2,187,200 |
| 2034 | - | - | - | 4.000 | 1,975,000 | 159,200 | 1,975,000 | 159,200 | 2,134,200 |
| 2035 | - | - | - | 4.000 | 2,005,000 | 80,200 | 2,005,000 | 80,200 | 2,085,200 |
| | | <u>8,300,000</u> | <u>940,652</u> | | <u>13,675,000</u> | <u>8,215,912</u> | <u>\$ 38,905,000</u> | <u>18,491,459</u> | <u>57,396,459</u> |

Crossover Refundings – February 1, 2012

On February 1, 2012, the District issued \$9,500,000 in general obligation bonds to advance refund \$4,190,000 of outstanding general obligation bonds dated November 1, 2002, and \$5,015,000 of outstanding general obligation bonds dated May 1, 2006, in a crossover refunding. The proceeds of the refunding bonds have been placed in an irrevocable escrow account and have been invested in U.S. Government Obligations which have been certified to be sufficient to pay all principal and interest due on the Series 2002 bonds after November 1, 2013, and principal and interest due on the Series 2006 bonds after December 1, 2013. The new refunding bonds have been added to the appropriate financial statements and schedules. The district remains contingently liable in the remote possibility the account is insufficient to pay the refunding bonds. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$1,839,215 and resulted in an economic gain of \$1,496,858.

Revenue Bonds

Details of the District's June 30, 2016 statewide sales, services and use tax revenue bonded indebtedness are as follows:

| Year ending June 30, | Bond Issue of December 1, 2010 | | |
|-------------------------|--------------------------------|---------------------|------------------|
| | Int. Rate % | Principal | Interest |
| 2017 | 5.850 | \$ - | 288,112 |
| 2018 | 5.850 | - | 288,113 |
| 2019 | 5.850 | - | 288,112 |
| 2020 | 5.850 | - | 288,113 |
| 2021 | 5.850 | - | 288,112 |
| 2022 | 5.850 | - | 288,113 |
| 2023 | 5.850 | - | 288,112 |
| 2024 | 5.850 | - | 288,113 |
| 2025 | 5.850 | - | 288,112 |
| 2026 | 5.850 | - | 288,113 |
| 2027 | 5.850 | - | 288,112 |
| 2028 | 5.850 | - | 288,113 |
| 2029 | 5.850 | - | 288,112 |
| 2030 | 5.850 | 4,925,000 | 144,056 |
| | | <u>\$ 4,925,000</u> | <u>3,889,518</u> |

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,925,000 of bonds issued in December 2012. The bonds were issued for the purpose of financing a portion of the costs of a new school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 33% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$8,814,518. For the current year, \$288,113 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$2,220,639.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- b) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- c) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District did comply with all of the revenue bond provisions during the year ended June 30, 2016.

(6) Pension Plan

Pension Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first.. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present

actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In the fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of pay and the District contributed 8.93% for a total rate of 14.88%.

The District's contributions to IPERS for the year ended June 30, 2016 were \$1,459,280.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the District reported a liability of \$11,020,217 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2015, the District's proportion was 0.221670%, which was an increase of 0.015968% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$1,223,634. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 166,501 | - |
| Changes of assumptions | 303,414 | - |
| Net difference between projected and actual earnings on IPERS' investments | 1,648,843 | 2,566,014 |
| Changes in proportion and differences between District contributions and the District's proportionate share of contributions | 1,125,884 | - |
| District contributions subsequent to the measurement date | 1,459,280 | - |
| Total | <u>\$ 4,703,922</u> | <u>2,566,014</u> |

\$1,459,280 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June, 30 | Amount |
|-------------------------|-------------------|
| 2017 | \$ (11,935) |
| 2018 | (11,935) |
| 2019 | (11,935) |
| 2020 | 666,286 |
| 2021 | 48,147 |
| Total | <u>\$ 678,628</u> |

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Rate of Inflation (effective June 30, 2014) | 3.00% per annum. |
| Rates of salary increase (effective June 30, 2010) | 4.00% to 17.00% average, including inflation. Rates vary by membership group. |
| Long-term investment rate of return (effective June 30, 1996) | 7.50% compounded annually, net investment expense, including inflation. |
| Wage growth (effective June 30, 1990) | 4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation. |

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on the pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Asset Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------|-------------------------|---------------------------------------------------|
| Core plus fixed income | 28% | 2.04% |
| Domestic equity | 24 | 6.29 |
| International equity | 16 | 6.75 |
| Private equity/debt | 11 | 11.32 |
| Real estate | 8 | 3.48 |
| Credit opportunities | 5 | 3.63 |
| U.S. TIPS | 5 | 1.91 |
| Other real assets | 2 | 6.24 |
| Cash | 1 | (0.71) |
| Total | <u>100%</u> | |

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50 %) or 1% higher (8.50%) than the current rate.

| | 1% Decrease (6.50%) | Discount Rate (7.50%) | 1% Increase (8.50%) |
|-------------------------------------------------------------|---------------------------|-----------------------------|---------------------------|
| District's proportionate share of the net pension liability | \$ 19,294,418 | \$ 11,020,217 | \$ 4,036,198 |

IPERS Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - At June 30, 2016, the District reported payables to IPERS of \$8,947 for legally required employer contributions and \$5,961 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(7) Other Post-Employment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 374 active and 19 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug coverage is purchased through an outside provider. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

| | |
|--------------------------------------------|------------|
| Annual required contribution | \$ 253,000 |
| Interest on net OPEB obligation | 1,000 |
| Adjustment to annual required contribution | (2,000) |
| Annual OPEB cost | 252,000 |
| Contributions made | (239,960) |
| Increase in net OPEB obligation | 12,040 |
| Net OPEB obligation beginning of year | 29,960 |
| Net OPEB obligation end of year | \$ 42,000 |

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2016.

For the year ended June 30, 2016, the District contributed \$239,960 to the medical plan. Plan members eligible for benefits were not required to contribute.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2016 are summarized as follows:

| Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---------------|------------------|--------------------------------------------|---------------------|
| June 30, 2010 | \$ 204,000 | 76.47% | \$ 48,000 |
| June 30, 2011 | 204,559 | 76.26% | 96,559 |
| June 30, 2012 | 190,000 | 100.53% | 95,559 |
| June 30, 2013 | 192,658 | 99.14% | 97,217 |
| June 30, 2014 | 231,000 | 114.81% | 63,000 |
| June 30, 2015 | 231,960 | 114.24% | 29,960 |
| June 30, 2016 | 252,000 | 95.22% | 42,000 |

Funded Status and Funding Progress - As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was \$1,683,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,683,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$15,880,000, and the ratio of the UAAL to covered payroll was 10.6%. As of June 30, 2016, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2015 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption includes a 4.0% discount rate based on the District's funding policy. The projected annual medical trend rate is 8%. The ultimate medical trend rate is 4.5%. The medical trend rate is reduced 0.5% each year until reaching the 4.5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2015 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2015.

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Termination Benefits

The District offered a voluntary early retirement plan to its full-time, certified employees. Eligible employees must have been at least age fifty-five and must have completed fifteen years of continuous service to the District, except for administrators who must have completed ten years. Employees must have completed an application which is subject to approval by the Board of Education. The benefits are arrived at by taking the average salary over the last fifteen years times a percentage at the time of early retirement. The percentage starts at 25% at age 55 and decreases each year to 0% at age 65. Early retirement expenditures for the year ended June 30, 2016 totaled \$114,983.

(9) Risk Management

Dallas Center-Grimes Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$960,969 for the year ended June 30, 2016 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Related Party Transaction

The District had business transactions totaling \$235 between the District and District officials during the year ended June 30, 2016.

(12) Construction Commitment

The District entered into a contract totaling \$11,116,316 for the construction of a new elementary school building. As of June 30, 2016, costs of \$483,861 had been incurred against the contract. the balance of \$10,632,455 remaining as June 30, 2016 will be paid as work on the project progresses.

(13) Subsequent Event

On August 18, 2016, the District reached a settlement regarding claims arising from the District's construction and sale of a residence. The amount of the settlement is not considered to have any material effect on the current financial statements of the future health of the District.

(14) Restatement

Beginning net position for business type activities was restated to adjust for an inventory recalculation.

| | Business Type Activities |
|--------------------------------------------------------------------------------------------|-----------------------------|
| Net position June 30, 2015, as previously reported | \$ 774,134 |
| Inventory adjustment to Enterprise Fund, Student Construction for house sold in 2014-15 | (191,486) |
| Net position July 1, 2015, as restated: | <u>\$ 582,648</u> |

Required Supplementary Information

Dallas Center-Grimes Community School District
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses, and Changes in Balances
Budget and Actual - All Governmental Funds and Proprietary Funds
Required Supplementary Information
Year ended June 30, 2016

| | Governmental Funds Actual | Proprietary Funds Actual | Total Actual | Budgeted Amounts Original and Final | Final to Actual Variance-Favorable (Unfavorable) |
|-------------------------------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------|-----------------|-------------------------------------------|--------------------------------------------------------|
| Revenues: | | | | | |
| Local sources | \$ 17,617,581 | 1,292,510 | 18,910,091 | 18,053,389 | 856,702 |
| State sources | 16,689,892 | 9,764 | 16,699,656 | 20,148,237 | (3,448,581) |
| Federal sources | 631,454 | 414,432 | 1,045,886 | 928,252 | 117,634 |
| Total revenues | 34,938,927 | 1,716,706 | 36,655,633 | 39,129,878 | (2,474,245) |
| Expenditures/Expenses: | | | | | |
| Instruction | 17,702,146 | - | 17,702,146 | 18,609,328 | 907,182 |
| Support services | 9,203,032 | 246,037 | 9,449,069 | 12,503,221 | 3,054,152 |
| Non-instructional programs | - | 1,491,296 | 1,491,296 | 1,365,500 | (125,796) |
| Other expenditures | 7,616,188 | - | 7,616,188 | 22,849,466 | 15,233,278 |
| Total expenditures/expenses | 34,521,366 | 1,737,333 | 36,258,699 | 55,327,515 | 19,068,816 |
| Excess (deficiency) of revenues over (under) expenditures/expenses | 417,561 | (20,627) | 396,934 | (16,197,637) | 16,594,571 |
| Other financing sources, net | 14,202,243 | 4,961 | 14,207,204 | 13,800,000 | 407,204 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses | 14,619,804 | (15,666) | 14,604,138 | (2,397,637) | 17,001,775 |
| Balance beginning of year, as restated | 14,213,825 | 582,648 | 14,796,473 | 13,978,999 | 817,474 |
| Balance end of year | \$ 28,833,629 | 566,982 | 29,400,611 | 11,581,362 | 17,819,249 |

See accompanying independent auditor's report.

Dallas Center-Grimes Community School District
Notes to Required Supplementary Information - Budgetary Reporting
Year ended June 30, 2016

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's Budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2016, expenditures exceeded the amount budgeted in the non-instructional programs area.

Dallas Center-Grimes Community School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employee's Retirement System
For The Last Two Years* (In Thousands)
Required Supplementary Information

| | 2016 | 2015 |
|-------------------------------------------------------------------------------------------------------------|-----------|-----------|
| District's proportion of the net pension liability | 0.221670% | 0.205702% |
| District's proportionate share of the net pension liability | \$ 11,020 | 8,325 |
| District's covered-employee payroll | \$ 15,282 | 13,736 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 72.11% | 60.61% |
| IPERS' net position as a percentage of the total pension liability | 85.19% | 87.61% |

*In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

See accompanying independent auditor's report.

Dallas Center-Grimes Community School District
Schedule of District Contributions
Iowa Public Employees' Retirement System
For The Last Ten Years (In Thousands)
Required Supplementary Information

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|-----------------------------------------------------------------------|-----------|---------|---------|---------|--------|--------|--------|-------|-------|-------|
| Statutorily required contribution | \$ 1,459 | 1,365 | 1,227 | 1,085 | 952 | 778 | 688 | 642 | 530 | 465 |
| Contributions in relation to the statutorily required contribution | (1,459) | (1,365) | (1,227) | (1,085) | (952) | (778) | (688) | (642) | (530) | (465) |
| Contribution deficiency (excess) | \$ - | - | - | - | - | - | - | - | - | - |
| District's covered-employee payroll | \$ 16,341 | 15,282 | 13,736 | 12,051 | 11,442 | 10,814 | 10,307 | 9,766 | 8,431 | 8,082 |
| Contributions as a percentage of covered-employee payroll | 8.93% | 8.93% | 8.93% | 9.00% | 8.32% | 7.19% | 6.68% | 6.57% | 6.29% | 5.75% |

See accompanying independent auditor's report.

Dallas Center-Grimes Community School District
Notes to Required Supplementary Information – Pension Liability
Year ended June 30, 2016

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

Dallas Center-Grimes Community School District
Schedule of Funding Progress for the Retiree Health Plan
Required Supplementary Information
Year ended June 30, 2016

| Year Ended June 30, | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|------------------------|-----------------------------|----------------------------------------|---------------------------------------------|---------------------------------|-----------------------|------------------------|------------------------------------------------------------|
| 2010 | July 1, 2009 | \$ - | 2,190,000 | 2,190,000 | 0.0% | \$ 10,300,000 | 21.3% |
| 2011 | July 1, 2009 | - | 2,190,000 | 2,190,000 | 0.0% | 10,800,000 | 20.3% |
| 2012 | July 1, 2011 | - | 1,968,000 | 1,968,000 | 0.0% | 11,400,000 | 17.3% |
| 2013 | July 1, 2011 | - | 1,968,000 | 1,968,000 | 0.0% | 12,500,000 | 15.7% |
| 2014 | July 1, 2013 | - | 2,016,000 | 2,016,000 | 0.0% | 13,000,000 | 15.5% |
| 2015 | July 1, 2013 | - | 2,016,000 | 2,016,000 | 0.0% | 14,800,000 | 13.6% |
| 2016 | July 1, 2015 | - | 1,683,000 | 1,683,000 | 0.0% | 15,880,000 | 10.6% |

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Schedule 1

Dallas Center-Grimes Community School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

| | Special Revenue | | |
|-------------------------------------------------------------------------------|--------------------|---------------------|------------------|
| | Management Levy | Student Activity | Total |
| Assets | | | |
| Cash, cash equivalents and pooled investments | \$ 189,433 | 234,108 | 423,541 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | 1,996 | - | 1,996 |
| Succeeding year | 725,000 | - | 725,000 |
| Accounts | - | 5,321 | 5,321 |
| Total assets | \$ 916,429 | 239,429 | 1,155,858 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | 24,854 | 24,854 |
| Total liabilities | - | 24,854 | 24,854 |
| Deferred inflows of resources: | | | |
| Unavailable revenues: | | | |
| Succeeding year property tax | 725,000 | - | 725,000 |
| Total deferred inflows of resources | 725,000 | - | 725,000 |
| Fund balances: | | | |
| Restricted for: | 191,429 | - | 191,429 |
| Management levy purposes | - | 214,575 | 214,575 |
| Student activities | 191,429 | 214,575 | 406,004 |
| Total fund balances | | | |
| Total liabilities, deferred inflows of resources and fund balances | \$ 916,429 | 239,429 | 1,155,858 |

See accompanying independent auditor's report.

Schedule 2

Dallas Center-Grimes Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year ended June 30, 2016

| | Special Revenue | | |
|-----------------------------------------------------------|--------------------|---------------------|-----------|
| | Management Levy | Student Activity | Total |
| Revenues: | | | |
| Local sources: | | | |
| Local tax | \$ 634,800 | - | 634,800 |
| Other | 33,098 | 492,754 | 525,852 |
| State sources | 17,946 | - | 17,946 |
| Total revenues | 685,844 | 492,754 | 1,178,598 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 105,510 | - | 105,510 |
| Other | - | 508,792 | 508,792 |
| Support Services: | | | |
| Operation and maintenance of plant | 561,772 | - | 561,772 |
| Transportation | 26,722 | - | 26,722 |
| Total expenditures | 694,004 | 508,792 | 1,202,796 |
| Excess (deficiency) of revenues over (under) expenditures | (8,160) | (16,038) | (24,198) |
| Fund balances beginning of year | 199,589 | 230,613 | 430,202 |
| Fund balances end of year | \$ 191,429 | 214,575 | 406,004 |

See accompanying independent auditor's report.

Schedule 3

Dallas Center-Grimes Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2016

| Account | Balance Beginning of Year | Revenues | Expenditures | Intrafund Transfers | Balance End of Year |
|----------------------------------------|---------------------------------|----------|--------------|------------------------|---------------------------|
| HS Annual | \$ - | 2,240 | 2,628 | 1,000 | 612 |
| HS Art Club | 1,157 | - | - | - | 1,157 |
| Athletics | 7,804 | 60,462 | 36,402 | (11,793) | 20,071 |
| Athletics Resale | - | 7,578 | 12,473 | 4,895 | - |
| HS/MS/Elem Band Resale | 10,725 | 8,840 | 11,577 | (7,033) | 955 |
| Baseball | - | 6,183 | 13,462 | 7,279 | - |
| Boosters | - | 47,146 | 42,251 | (4,895) | - |
| Boys/Girls Basketball | - | 36,313 | 32,672 | - | 3,641 |
| Character Counts | 418 | - | - | - | 418 |
| Class of: | | | | | |
| 2015 | 751 | 34 | - | (785) | - |
| 2016 | 9,282 | 1,615 | 6,956 | 907 | 4,848 |
| 2017 | 4,231 | 3,985 | 4,884 | - | 3,332 |
| 2018 | 2,703 | 3,078 | - | - | 5,781 |
| 2019 | - | 3,090 | 20 | - | 3,070 |
| 2020 | 122 | - | - | (122) | - |
| Cross Country | - | 2,633 | 3,969 | 1,336 | - |
| DC Presbyterian Student Emergency Fund | 4,171 | - | 1,245 | - | 2,926 |
| Dig Pink Volleyball | - | - | - | - | - |
| Drama/Speech | - | - | 2,812 | 2,812 | - |
| Drill Team | 319 | - | - | - | 319 |
| Equip Repair | 3,310 | 4,743 | 8,242 | 189 | - |
| Football | - | 81,932 | 70,487 | - | 11,445 |
| HS French Club | 685 | - | - | - | 685 |
| FFA | 6,546 | 19,662 | 20,534 | - | 5,674 |
| FHA | 2,140 | - | - | - | 2,140 |
| Girls Softball | - | 6,396 | 15,873 | 9,477 | - |
| Golf | - | 233 | 2,422 | 2,189 | - |
| HS Bakers | - | 530 | 1,699 | 1,169 | - |
| HS Enterprise | 272 | - | - | - | 272 |
| HS Student Council | 8,142 | 7,209 | 5,582 | - | 9,769 |
| HS Honor Society | 2,025 | 1,565 | 862 | - | 2,728 |
| HS Cheerleading | 2,701 | 1,850 | 6,094 | 1,543 | - |
| HS Dance Marathon | 354 | 8,123 | 8,081 | - | 396 |
| HS Juice/Pop Machine | 11,462 | 19,887 | 26,313 | (1,330) | 3,706 |
| HS Sign-Monument Fundraiser | 122 | - | - | (54) | 68 |
| HS Band/Vocal Fundraiser | 1,500 | - | 350 | - | 1,150 |
| HS Home Economics | - | - | 330 | 330 | - |
| Horticulture Club | 925 | - | 34 | - | 891 |
| Interest | 6,663 | 374 | - | - | 7,037 |
| Soccer | 1,397 | 10,903 | 11,649 | - | 651 |
| HS Drama/Musical | 2,888 | 3,046 | 398 | - | 5,536 |
| MS Drama/Musical | 3,069 | - | - | - | 3,069 |

Schedule 3

Dallas Center-Grimes Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2016

| Account | Balance Beginning of Year | Revenues | Expenditures | Intrafund Transfers | Balance End of Year |
|--------------------------------|---------------------------------|----------|--------------|------------------------|---------------------------|
| P.A.L.S. | 4,891 | - | - | - | 4,891 |
| Picture Fund | 10,472 | 12,423 | 14,701 | - | 8,194 |
| SADD | 380 | - | - | - | 380 |
| Spanish Club | 638 | - | - | - | 638 |
| Track | 829 | 12,782 | 10,512 | - | 3,099 |
| Volleyball | - | 9,135 | 10,125 | 990 | - |
| Washington DC fundraiser | - | 3,533 | 3,533 | - | - |
| Wind Commissioning Project | 1,000 | - | - | - | 1,000 |
| Wrestling | - | 17,755 | 16,591 | - | 1,164 |
| Meadows Yearbook | 1,933 | 490 | 1,700 | - | 723 |
| HS/MS/Elem Vocal Resale | - | 17,934 | 22,156 | 4,222 | - |
| Jr. High Annual | 7,394 | - | 201 | - | 7,193 |
| Jr. High Cheerleading | 1,906 | - | - | - | 1,906 |
| Jr. High Juice/Pop Machine | 23,306 | 27,955 | 19,125 | (8,112) | 24,024 |
| Jr. High Student Council | 7,757 | 5,430 | 1,961 | - | 11,226 |
| Jr. High Home Economics | - | - | 210 | 210 | - |
| MS Athletics | 3,039 | 2,690 | - | - | 5,729 |
| MS Band/Vocal Fundraiser | 3,398 | - | - | - | 3,398 |
| Northridge Fundraiser | 5,684 | 6,208 | 5,739 | - | 6,153 |
| Meadows Pop Fundraiser | 2,143 | 3,478 | 5,504 | - | 117 |
| Meadows Student Council | 3,514 | 2,366 | 1,684 | - | 4,196 |
| Kiwanis Key Club | 837 | 4,755 | 5,059 | - | 533 |
| Seniors Against Cancer 2010 | 36 | - | - | - | 36 |
| K. Reed Baseball Fundraiser | 327 | - | - | - | 327 |
| FFA Test Plot | 9,532 | - | 690 | (4,478) | 4,364 |
| Miscellaneous | - | - | 54 | 54 | - |
| Elementary Juice - Grimes | 325 | 25 | - | - | 350 |
| Elementary Fundraiser - Grimes | 22,647 | 10,248 | 16,834 | - | 16,061 |
| Elementary Fundraiser - D.C. | 21,172 | 5,897 | 20,892 | - | 6,177 |
| Elementary Student Council | 1,569 | - | 1,220 | - | 349 |
| Total | \$ 230,613 | 492,754 | 508,792 | - | 214,575 |

See accompanying independent auditor's report.

Schedule 4

Dallas Center-Grimes Community School District
Combining Balance Sheet
Capital Projects Fund Accounts
June 30, 2016

| | Capital Projects | | | |
|-------------------------------------------------------------------------------|---------------------------------------------|---------------------------|-----------------------------------------|-------------------|
| | Statewide Sales, Services and Use Tax | Other Capital Projects | Physical Plant and Equipment Levy | Total |
| Assets | | | | |
| Cash, cash equivalents and pooled investments | \$ 3,107,028 | 12,775,505 | 1,464,666 | 17,347,199 |
| Receivables: | | | | |
| Property tax: | | | | |
| Delinquent | - | - | 3,722 | 3,722 |
| Succeeding year | - | - | 1,391,640 | 1,391,640 |
| Due from other governments | 184,252 | - | - | 184,252 |
| Total assets | \$ 3,291,280 | 12,775,505 | 2,860,028 | 18,926,813 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | 2,940 | 103,235 | 106,175 |
| Total liabilities | - | 2,940 | 103,235 | 106,175 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues: | | | | |
| Succeeding year property tax | - | - | 1,391,640 | 1,391,640 |
| Total deferred inflows of resources | - | - | 1,391,640 | 1,391,640 |
| Fund balances: | | | | |
| Restricted for: | | | | |
| School infrastructure | 3,291,280 | 12,772,565 | - | 16,063,845 |
| Physical plant and equipment | - | - | 1,365,153 | 1,365,153 |
| Total fund balances | 3,291,280 | 12,772,565 | 1,365,153 | 17,428,998 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 3,291,280 | 12,775,505 | 2,860,028 | 18,926,813 |

See accompanying independent auditor's report.

Schedule 5

Dallas Center-Grimes Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund Accounts
Year ended June 30, 2016

| | Capital Projects | | | Total |
|-----------------------------------------------------------|---------------------------------------------|---------------------------|-----------------------------------------|------------|
| | Statewide Sales, Services and Use Tax | Other Capital Projects | Physical Plant and Equipment Levy | |
| Revenues: | | | | |
| Local sources: | | | | |
| Local tax | \$ - | - | 1,293,677 | 1,293,677 |
| Other | 36,265 | 13,989 | 9,057 | 59,311 |
| State sources | 2,220,639 | - | 32,192 | 2,252,831 |
| Total revenues | 2,256,904 | 13,989 | 1,334,926 | 3,605,819 |
| Expenditures: | | | | |
| Current: | | | | |
| Support services: | | | | |
| Administration | 93,724 | - | 3,946 | 97,670 |
| Operation and maintenance of plant | - | - | 31,345 | 31,345 |
| Transportation | - | - | 263,622 | 263,622 |
| Other expenditures: | | | | |
| Facilities acquisition | 1,285,858 | 1,349,933 | 696,582 | 3,332,373 |
| Total expenditures | 1,379,582 | 1,349,933 | 995,495 | 3,725,010 |
| Excess (deficiency) of revenues over (under) expenditures | 877,322 | (1,335,944) | 339,431 | (119,191) |
| Other financing sources (uses): | | | | |
| General obligation bonds issued | - | 13,800,000 | - | 13,800,000 |
| Premium on the issuance of bonds | - | 498,843 | - | 498,843 |
| Discount on the issuance of bonds | - | (96,600) | - | (96,600) |
| Operating transfers out | (555,163) | - | - | (555,163) |
| Total other financing uses | (555,163) | 14,202,243 | - | 13,647,080 |
| Change in fund balances | 322,159 | 12,866,299 | 339,431 | 13,527,889 |
| Fund balances beginning of year | 2,969,121 | (93,734) | 1,025,722 | 3,901,109 |
| Fund balances end of year | \$ 3,291,280 | 12,772,565 | 1,365,153 | 17,428,998 |

See accompanying independent auditor's report.

Schedule 6

Dallas Center-Grimes Community School District
Combining Statement of Net Position
Proprietary Funds
June 30, 2016

| | Enterprise Funds | | | |
|-----------------------------------------------|------------------|----------------------|--------------|-----------|
| | School Nutrition | Student Construction | Farm Account | Total |
| Assets | | | | |
| Current assets: | | | | |
| Cash, cash equivalents and pooled investments | \$ 311,128 | 50,433 | 13,917 | 375,478 |
| Accounts receivable | 1,391 | 539 | - | 1,930 |
| Inventories | 21,728 | - | - | 21,728 |
| Total current assets | 334,247 | 50,972 | 13,917 | 399,136 |
| Non-current assets: | | | | |
| Machinery and equipment | 707,968 | - | - | 707,968 |
| Accumulated depreciation | (492,639) | - | - | (492,639) |
| Total non-current assets | 215,329 | - | - | 215,329 |
| Total assets | 549,576 | 50,972 | 13,917 | 614,465 |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | 46,563 | 920 | - | 47,483 |
| Total current liabilities | 46,563 | 920 | - | 47,483 |
| Total liabilities | 46,563 | 920 | - | 47,483 |
| Net position | | | | |
| Net investment in capital assets | 215,329 | - | - | 215,329 |
| Unrestricted | 287,684 | 50,052 | 13,917 | 351,653 |
| Total net position | \$ 503,013 | 50,052 | 13,917 | 566,982 |

See accompanying independent auditor's report.

Schedule 7

Dallas Center-Grimes Community School District
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2016

| | Enterprise Funds | | | |
|---------------------------------------------|------------------|----------------------|--------------|-----------|
| | School Nutrition | Student Construction | Farm Account | Total |
| Operating revenue: | | | | |
| Local sources: | | | | |
| Other local sources: | | | | |
| Food service sales | \$ 1,035,462 | - | - | 1,035,462 |
| Other operating revenue | - | 253,633 | 2,970 | 256,603 |
| Total operating revenues | 1,035,462 | 253,633 | 2,970 | 1,292,065 |
| Operating expenses: | | | | |
| Instructional programs: | | | | |
| Support services: | | | | |
| Services | - | 152,628 | - | 152,628 |
| Supplies | - | 91,854 | 1,555 | 93,409 |
| | - | 244,482 | 1,555 | 246,037 |
| Non-instructional programs: | | | | |
| Food service operations: | | | | |
| Services | 1,181,285 | - | - | 1,181,285 |
| Supplies | 268,694 | - | - | 268,694 |
| Depreciation | 41,317 | - | - | 41,317 |
| | 1,491,296 | - | - | 1,491,296 |
| Total operating expenses | 1,491,296 | 244,482 | 1,555 | 1,737,333 |
| Operating income (loss) | (455,834) | 9,151 | 1,415 | (445,268) |
| Non-operating revenues: | | | | |
| State lunch and breakfast program claims | 9,764 | - | - | 9,764 |
| National school lunch program | 286,377 | - | - | 286,377 |
| National school breakfast program | 32,025 | - | - | 32,025 |
| Federal food commodities revenue | 96,030 | - | - | 96,030 |
| Interest income | 445 | - | - | 445 |
| Total non-operating revenues | 424,641 | - | - | 424,641 |
| Income (loss) before other sources (uses) | (31,193) | 9,151 | 1,415 | (20,627) |
| Other sources (uses) | | | | |
| Capital contributions | 10,961 | - | - | 10,961 |
| Loss on sale of capital assets | (6,000) | - | - | (6,000) |
| Total other sources | 4,961 | - | - | 4,961 |
| Change in net position | (26,232) | 9,151 | 1,415 | (15,666) |
| Net position beginning of year, as restated | 529,245 | 40,901 | 12,502 | 582,648 |
| Net position end of year | \$ 503,013 | 50,052 | 13,917 | 566,982 |

See accompanying independent auditor's report.

Dallas Center-Grimes Community School District
Combining Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2016

| | Enterprise Funds | | | |
|-----------------------------------------------------------------------------------------------------------------------|------------------|----------------------|--------------|-------------|
| | School Nutrition | Student Construction | Farm Account | Total |
| Cash flows from operating activities: | | | | |
| Cash received from sale of lunches and breakfasts | \$ 1,066,990 | - | - | 1,066,990 |
| Cash received from miscellaneous operating activities | - | 486,059 | 2,970 | 489,029 |
| Cash payments to suppliers for goods or services | (1,305,750) | (244,140) | (1,555) | (1,551,445) |
| Net cash provided (used) by operating activities | (238,760) | 241,919 | 1,415 | 4,574 |
| Cash flows from non-capital financing activities: | | | | |
| State grants received | 9,764 | - | - | 9,764 |
| Federal grants received | 318,402 | - | - | 318,402 |
| Net cash provided by non-capital financing activities | 328,166 | - | - | 328,166 |
| Cash flows from capital and related financing activities: | | | | |
| Interfund loan | - | (191,486) | - | (191,486) |
| Net cash used by capital and related financing activities | - | (191,486) | - | (191,486) |
| Cash flows from investing activities: | | | | |
| Interest on investments | 445 | - | - | 445 |
| Net increase (decrease) in cash and cash equivalents | 89,851 | 50,433 | 1,415 | 141,699 |
| Cash and cash equivalents at beginning of year | 221,277 | - | 12,502 | 233,779 |
| Cash and cash equivalents at end of year | \$ 311,128 | 50,433 | 13,917 | 375,478 |
| Reconciliation of operating income (loss) to net cash used by operating activities: | | | | |
| Operating income (loss) | \$ (455,834) | 9,151 | 1,415 | (445,268) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Commodities received | 96,030 | - | - | 96,030 |
| Depreciation | 41,317 | - | - | 41,317 |
| Decrease (increase) in accounts receivable | 31,528 | 232,426 | - | 263,954 |
| Decrease (increase) in inventories | 1,636 | - | - | 1,636 |
| Increase (decrease) in accounts payable | 46,563 | 342 | - | 46,905 |
| Net cash used by operating activities | \$ (238,760) | 241,919 | 1,415 | 4,574 |
| Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet: | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 311,128 | 50,433 | 13,917 | 375,478 |
| Cash and cash equivalents at year end | \$ 311,128 | 50,433 | 13,917 | 375,478 |

Non-cash investing, capital and financing activities:

During the year ended June 30, 2016, the District received \$96,030 of federal commodities.

See accompanying independent auditor's report.

Schedule 9

Dallas Center-Grimes Community School District
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year ended June 30, 2016

| | Balance Beginning of Year | Additions | Deductions | Balance End of Year |
|--------------------------|---------------------------------|----------------|----------------|------------------------|
| Assets | | | | |
| Cash | \$ 5,173 | 185,630 | 158,220 | 32,583 |
| Total assets | \$ 5,173 | 185,630 | 158,220 | 32,583 |
| Liabilities | | | | |
| Accounts payable | \$ 5,173 | 185,630 | 158,220 | 32,583 |
| Total liabilities | \$ 5,173 | 185,630 | 158,220 | 32,583 |

See accompanying independent auditor's report.

Dallas Center-Grimes Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

| | Modified Accrual Basis | | | | | | | | | |
|------------------------------------|------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Revenues: | | | | | | | | | | |
| Local sources: | | | | | | | | | | |
| Local tax | \$ 13,075,546 | 12,272,534 | 11,884,997 | 12,649,685 | 12,949,278 | 12,739,378 | 11,363,921 | 10,619,714 | 9,825,186 | 9,082,518 |
| Tuition | 2,517,722 | 2,236,592 | 2,160,260 | 1,880,643 | 1,980,567 | 1,500,763 | 1,395,539 | 1,012,133 | 843,932 | 856,003 |
| Other | 2,024,313 | 1,895,944 | 2,146,295 | 1,149,854 | 1,066,535 | 950,438 | 857,296 | 1,086,116 | 1,020,355 | 1,291,850 |
| State sources | 16,689,892 | 15,091,801 | 13,584,833 | 10,203,422 | 9,543,447 | 8,604,944 | 7,016,341 | 8,078,842 | 7,211,170 | 6,619,458 |
| Federal sources | 631,454 | 498,934 | 535,750 | 1,294,504 | 1,545,858 | 1,024,959 | 1,428,832 | 572,324 | 305,557 | 286,065 |
| Total | \$ 34,938,927 | 31,995,805 | 30,312,135 | 27,178,108 | 27,085,685 | 24,820,482 | 22,061,929 | 21,369,129 | 19,206,200 | 18,135,894 |
| Expenditures: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 11,181,345 | 10,722,326 | 9,568,759 | 9,017,465 | 8,501,484 | 7,849,462 | 7,355,452 | 7,088,478 | 6,290,307 | 5,628,941 |
| Special | 4,435,322 | 3,883,233 | 3,588,540 | 3,119,983 | 2,755,783 | 2,634,941 | 2,641,397 | 2,553,384 | 2,043,222 | 2,007,372 |
| Other | 2,085,479 | 2,147,323 | 1,815,048 | 1,641,719 | 1,588,602 | 1,348,211 | 1,268,276 | 1,403,303 | 1,118,647 | 1,134,497 |
| Support services: | | | | | | | | | | |
| Student | 762,618 | 634,873 | 598,037 | 490,337 | 460,271 | 447,669 | 304,895 | 280,913 | 308,091 | 313,631 |
| Instructional staff | 1,783,497 | 1,238,643 | 1,057,144 | 859,640 | 762,515 | 674,401 | 622,790 | 625,916 | 728,554 | 641,692 |
| Administration | 2,632,356 | 2,957,997 | 2,711,628 | 2,118,846 | 2,032,968 | 2,031,545 | 1,849,610 | 1,574,775 | 1,266,285 | 1,105,159 |
| Operation and maintenance of plant | 2,763,862 | 3,025,115 | 2,718,926 | 2,227,993 | 2,253,378 | 1,955,381 | 1,924,219 | 1,906,595 | 1,711,100 | 1,701,335 |
| Transportation | 1,260,699 | 1,097,040 | 1,402,211 | 1,252,583 | 1,002,860 | 945,413 | 922,979 | 734,216 | 908,382 | 684,799 |
| Other expenditures: | | | | | | | | | | |
| Facilities acquisition | 3,332,373 | 2,197,567 | 2,610,141 | 2,648,167 | 15,272,641 | 2,222,456 | 414,834 | 1,685,470 | 6,838,285 | 2,855,622 |
| Long-term debt: | | | | | | | | | | |
| Principal | 1,535,000 | 1,365,000 | 1,310,000 | 1,075,000 | 1,245,000 | 1,160,000 | 1,285,301 | 1,703,506 | 1,761,407 | 3,419,786 |
| Interest and other charges | 1,787,846 | 1,353,558 | 1,386,846 | 1,872,183 | 2,062,644 | 1,058,320 | 1,011,053 | 1,031,399 | 1,092,893 | 1,171,975 |
| AEA flowthrough | 960,969 | 904,670 | 823,740 | 729,350 | 700,651 | 731,714 | 689,348 | 602,958 | 528,510 | 483,562 |
| Total | \$ 34,521,366 | 31,527,345 | 29,591,020 | 27,053,266 | 38,638,797 | 23,059,513 | 20,290,154 | 21,190,913 | 24,595,683 | 21,148,371 |

See accompanying independent auditor's report.

Dallas Center-Grimes Community School District



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CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Education of Dallas Center-Grimes Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Dallas Center-Grimes Community School District, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dallas Center-Grimes Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dallas Center-Grimes Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Dallas Center-Grimes Community School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dallas Center-Grimes Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Dallas Center-Grimes School District's Responses to the Findings

Dallas Center-Grimes Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Dallas Center-Grimes Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Dallas Center-Grimes Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

December 1, 2016

Part I: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part II: Other Findings Related to Required Statutory Reporting

- 1 Certified Budget - Expenditures for the year ended June 30, 2016, exceeded the certified budget amount in the non-instructional programs area.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

- 2 Questionable Expenditures - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

- 3 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- 4 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

| <u>Name, Title and Business Connection</u> | <u>Transaction Description</u> | <u>Amount</u> |
|------------------------------------------------|------------------------------------|---------------|
| Dennis Blum, Father of Principal | Officiating | \$235 |

None of the transactions appear to represent a conflict of interest and they appear to be in compliance with board policies.

Recommendation – The District may want to consult legal counsel to determine disposition of this matter.

Response – We will consider the need to consult legal counsel.

Conclusion – Response accepted.

- 5 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

- 6 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.

- 7 Certified Enrollment - Variances in the basic enrollment data certified to the Department of Education were noted.

Recommendation – The certified enrollment data should be corrected.

Dallas Center-Grimes Community School District
Schedule of Findings
Year ended June 30, 2016

Response – The Iowa Department of Education and the Iowa Department of Management will be notified of the errors.

Conclusion – Response accepted.

- 8 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- 9 Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.
- 10 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- 11 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.
- 12 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2016, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

| | | | |
|------------------------------------|----|-----------|------------------|
| Beginning balance | | \$ | 2,969,121 |
| Revenues: | | | |
| Sales tax revenues | \$ | 2,220,639 | |
| Other local revenues | | 36,265 | 2,256,904 |
| | | | <u>5,226,025</u> |
| Expenditures/transfers out: | | | |
| School infrastructure construction | | 1,285,858 | |
| Equipment | | 93,724 | |
| Transfers to other funds: | | | |
| Debt service fund | | 555,163 | 1,934,745 |
| | | | <u>1,934,745</u> |
| Ending balance | | \$ | <u>3,291,280</u> |

For the year ended June 30, 2016, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.